

**DC RANCH
AMENDMENT TO DEVELOPMENT AGREEMENT
PROJECT NARRATIVE
Case # 54-ZN-1989 #9**

REQUEST

DC Ranch L.L.C., developer of the master planned community known as DC Ranch, requests an amendment to the Third Amendment to Development Agreement dated May 9, 2003 (the "Development Agreement"). The purpose of the amendment is to reflect the evolution in development of the commercial parcels and the decrease in density within DC Ranch as well as the fulfillment of obligations relative to development at DC Ranch. Specifically, in January 2003, an amendment to the Development Agreement was approved by the City Council, which decreased the intensity and density of development at DC Ranch. The primary purpose of this amendment is to incorporate such decrease in density and intensity of development within the Development Agreement.

This amendment includes acknowledgement by the developer and the City that certain obligations of the developer relative to DC Ranch have been completed. Specifically, all of the Planning Unit Master Plans have been completed and approved by the City and in some instances have been amended to reflect current development. The Town Center area of DC Ranch has experienced the greatest evolution in planning. Specifically, the intensity of the commercial development has been dramatically decreased and more residential units than originally anticipated will be developed in Town Center. The overall density for this area of DC Ranch will not increase. The infrastructure originally planned will, for the most part, be unchanged, including transit facilities provided along Thompson Peak Parkway and Union Hills Drive. Finally, based on the decrease in density and revisions in the location of residential uses, the Residential Land Use Summary is being updated to reflect the current development at DC Ranch.

In addition to the above, the proposed amendment includes revisions to the current Planned Neighborhood Center ("PNC") and Industrial Park District ("I-1") development standards as well as clarification of the required landscape buffer along Pima Road adjacent to DC Ranch. Currently, there is one set of PNC development standards for Planning Unit I, located at the southeast corner of Pima Road and Union Hills Drive, and a second set of development standards for Planning Unit II, located at the southeast corner of Pima Road and Thompson Peak Parkway ("Market Street"). This amendment, if approved, will result in one set of PNC development standards for both portions of DC Ranch zoned PNC. Additionally, the revisions will modify the already amended development standards to clarify that entertainment uses are allowed as an ancillary use to a restaurant, but any use that includes dancing in conjunction with a restaurant will require a conditional use permit. This amendment does not change the floor area devoted to dancing which is a maximum of seven and one-half (7½) percent of the entire restaurant. Also, this amendment does not amend any standards or uses that would allow for bars. Bars are not

allowed uses within the PNC district at DC Ranch, which is consistent with the PNC district City wide. Finally, this amendment, if approved, will result in changes to the maximum square footage of certain retail uses to allow certain types of retailers to locate in the PNC zoned portions of DC Ranch which are currently restricted due to the square footage limitations set forth in the existing amended development standards. This change is proposed to address the demands of the market relative to certain retailers such as drugstores and hardware stores.

In the southern portion of DC Ranch, there is an area zoned I-1. This area is proposed to be developed with an industrial office park with buildings ranging in size between 10,000 and 15,000 square feet. The initial layout is for the buildings to front on a street internal to the industrial park. It is important that this area be designed to the scale and character of DC Ranch as a whole. Specifically, this includes architecture fronting the adjacent street despite the fact that it will be the back of the buildings. In order to achieve this goal, the buildings need to have four (4) sided architecture and be positioned a reasonable distance from the adjacent streets. Accordingly, the request is to modify the front building setback to twenty-five (25) feet which is in line with the development of adjacent residential uses to the east and west.

Additionally, this amendment clarifies the provision related to the landscape buffer along the east side of Pima Road adjacent to Planning Unit I. This clarification will not impact the existing scenic corridor requirements along Pima Road at Market Street or Planning Unit I. The scenic corridor requires an average width of one hundred (100) feet and a minimum width of eighty (80) feet adjacent to any non-residential use on the east side of Pima Road. In addition to the scenic corridor requirement, the Development Agreement includes a one hundred fifty (150) foot landscape buffer along the east side of Pima Road (the "Landscape Buffer"). The original intent was for the Landscape Buffer to be provided adjacent to the commercial development north of Sierra Pinta, specifically adjacent to Market Street. South of Sierra Pinta are the residential communities of Pima Acres and Ironwood Village. To the south of these communities is the PNC zoned portion of DC Ranch in Planning Unit I. Since the one hundred fifty (150) foot landscape buffer was applied to Market Street, several factors have affected Market Street with such a large buffer. This includes a lack of visibility from Pima Road, lack of access and an overall commercial center identity problem. As a result of these issues, Market Street has since placed a new monument sign within the landscape buffer/scenic corridor for better visibility (as allowed in the Development Agreement) and an access driveway was provided off of Pima Road for better access. These two important factors have assisted in ensuring the viability of the center. The proposed revision to the Development Agreement will retain the overall scenic corridor for DC Ranch issue and will not alter the already large landscape buffer at Market Street.

Finally, the purpose of this amendment is to clarify the governance of development standards for parts of DC Ranch; specifically, the treatment of the commercial areas of DC Ranch for purposes of the application of development standards. The Development Agreement expressly provides for ownership of areas of DC Ranch by separate entities for business and maintenance reasons. This amendment clarifies that if commercial parcels are subdivided, they should be treated as a whole for purposes of zoning, building and fire codes. This will require an amendment to the PNC and Commercial Office zoning district development standards to allow for such treatment of the commercial areas of DC Ranch.

JUSTIFICATION

The proposed amendment to the Development Agreement is appropriate to recognize the evolution in development at DC Ranch, to allow the PNC and I-1 zoned areas of DC Ranch to be developed per the stated purpose of the district as well as current development trends, including the types of uses and the sizes of retail establishments, and to memorialize the fulfillment of obligations not otherwise requiring City Council action.

In regards to the PNC amendment to the development standards, the stated purpose of the PNC zoning is:

...provide a hub of activity and a focal point for a given neighborhood. The center shall reflect the identity of the neighborhood by providing a group of professional offices, service and retail sales to meet the daily needs of the neighborhood. Residential uses shall also be encouraged to provide a mixed-use atmosphere of day and nighttime activities.

Market Street at DC Ranch is nearing completion. It has become a hub of activity at DC Ranch specifically and north Scottsdale generally, and has evolved into a center which provides both daytime and nighttime uses. There are business and professional offices, as well as commercial and retail establishments that cater to the daytime users. Additionally, there are a variety of restaurants providing lunch, dinner, and entertainment.

The PNC zoned area of Planning Unit I is in the planning stages. This portion of DC Ranch will be the first major commercial intersection north of Loop 101 on Pima Road. It is anticipated that it will also become a successful mixed-use center for DC Ranch, the adjacent residential communities, and north Scottsdale residents with a tenant draw analogous to those found at the Shops at Gainey Village located at Doubletree Ranch and Scottsdale Roads. Specifically, it is anticipated there will be approximately 155,000 square feet of commercial, retail and entertainment uses, with the possible inclusion of residential uses. South of the PNC zoned portion of Planning Unit I, is an area zoned for commercial offices and east of Planning Unit I are residential districts that will provide a true mix of uses within the immediate vicinity.

The PNC zoned area of Planning Unit I has approximately 700 feet of frontage along the new Pima Road alignment. The Pima Road alignment was recently adjusted to address alignment and proximity to the Ironwood Village neighborhood, just north of Planning Unit I. In addition, Pima Road curves west away from Planning Unit I leaving only a limited portion of frontage along the PNC zoned parcel. In order to avoid the negative impact of a large buffer on a commercial development, this amendment will apply the one hundred (100) foot average and eighty (80) foot minimum scenic corridor to the PNC district within Planning Unit I. This is consistent with other commercial parcels along this section of Pima Road, for instance the future commercial parcel located at the northwest corner of Pima Road and Union Hills Drive, which has the same average and minimum requirements. As the overall intent of this amendment is to bring the PNC district into current standards, it is the intent to incorporate the City's Scenic Corridor Design Guidelines into the overall design of this portion of Planning Unit I.

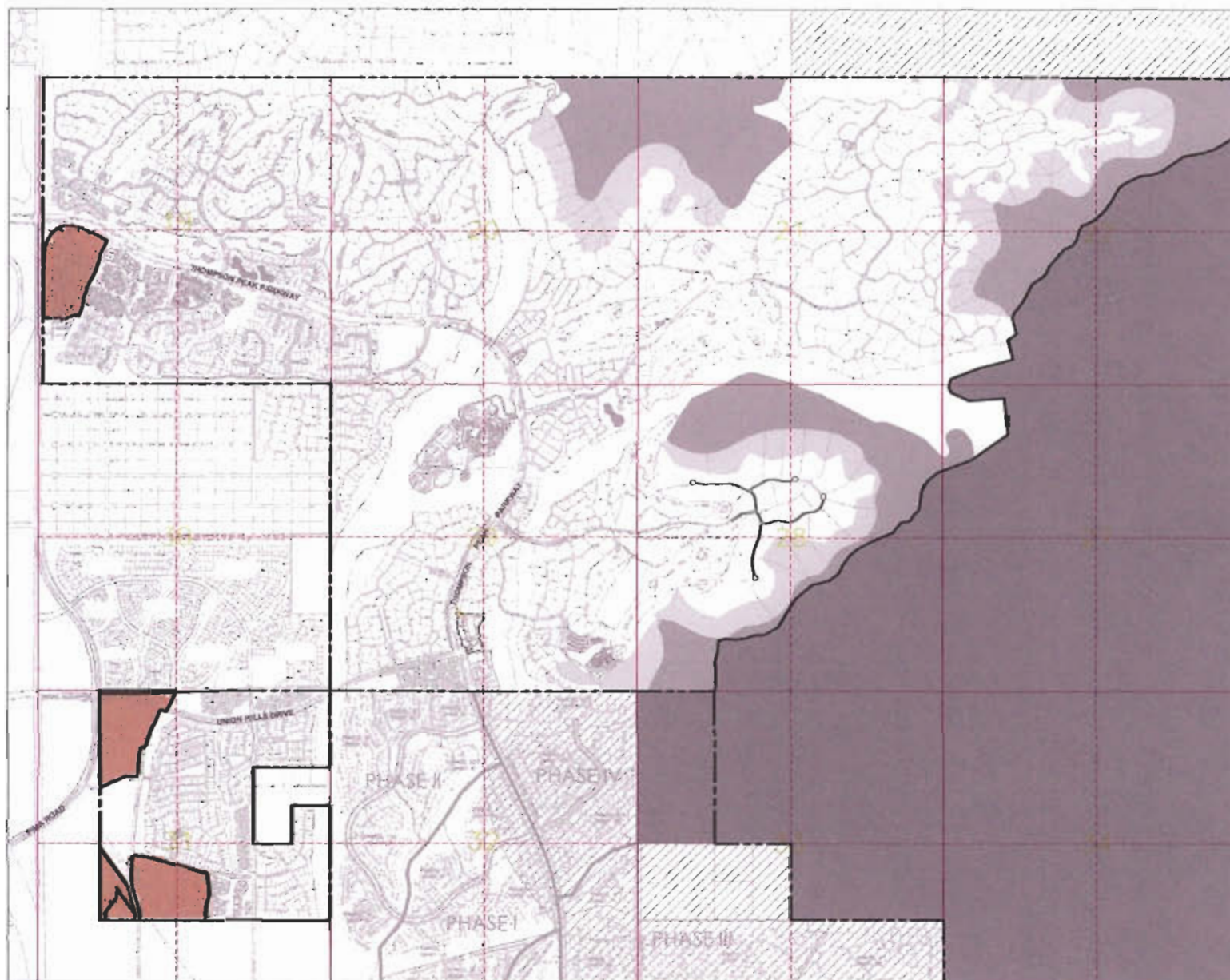
During the initial planning of DC Ranch a decade ago, the alignment of Pima Road adjacent to Planning Unit I was uncertain. As set forth above, the intent was for the one hundred fifty (150) foot landscape buffer, in addition to the Pima Road scenic corridor referenced in the Development Agreement, to apply to Market Street and not to the area of Pima Road in the vicinity of Planning Unit I. The revision to the landscape buffer language is added to clarify the intended location of the landscape buffer and clearly define the scenic corridor along Planning Unit I. Additionally, the Pima Road Scenic corridor for Planning Unit I will be consistent with the setbacks established by the City for Pima Road north of Loop 101.

This justification is also in line with other PNC zoned commercial centers within Scottsdale. The PNC zoned center at the southeast corner of Mountain View Drive and Hayden Road was amended as part of the McCormick Ranch Planned Community District to allow modification in square footages for certain uses and also agreed to a development agreement to restrict certain uses. The justification for that amended standard proposal was similar to Market Street as the center was struggling because of the restrictions of the outdated PNC development standards. A recent rezoning case at the northeast corner of Frank Lloyd Wright Boulevard and 100th Street utilized the PNC zoning district but amended the development standards to address current market trends. The center also amended square footage standards to address the evolving health club and pharmacy use requirements. Other centers, such as the shopping center at McCormick Ranch Parkway and Hayden, have recently amended development standards to address similar issues DC Ranch faces with the somewhat outdated PNC zoning district.

The I-1 zoned area of Planning Unit I is in the planning stages. The plans are for this portion of DC Ranch include multiple buildings ranging in size between 10,000 and 15,000 square feet. This area is adjacent to a multi-family complex to the east and single-family residences to the north. There will be a requirement that the buildings have four (4) sided architecture and be complementary to the character of this area of DC Ranch, including setbacks and landscaping. In order to achieve such character, buildings, rather than parking, will be located adjacent to the roadway north of the site. Accordingly, the building setback should be reduced to a minimum of twenty-five (25) feet to achieve the desired design for this are of DC Ranch.

SUMMARY

The proposed amendment to the Development Agreement will memorialize requirements which are otherwise not subject to City Council action, make the PNC development standards consistent for DC Ranch, provided additional design guidelines for the I-1 zoned area of DC Ranch, and standardize landscape-buffering requirements along Pima Road. The requested amendment will result in the ability to attract the types of users originally anticipated in the commercially zoned districts of DC Ranch without increasing the density and intensity of uses.



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DATE: 12 MAY 2004

